IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

NORMAN KATZ 24960 Fairmont Blvd. Beachwood, OH 44122	)	CASE NO.
Plaintiff,	)	JUDGE
v.	)	COMPLAINT
DANIEL GREEN 320 Court North Drive Melville, NY 11747	)	(Jury Demand Endorsed Herein)
And	)	
ALEX HUSTED 11 Juschase Court Voorhees, NJ 08043	)	
And	)	
DAVID J.R. MILLINER 218 East 4th St. Media, PA 19063	)	
And	)	
AD&D PARTNERS, LLC 100 Springdale Road Suite A3, PMB 293 Cherry Hill, NJ 08003	)	
Defendants.	)	

Plaintiff Norman Katz ("Katz"), through his undersigned counsel, for his Complaint herein, state as follows:

PARTIES, JURISDICTION AND VENUE

1. Plaintiff is an individual residing in Cuyahoga County, Ohio at the address listed in the caption above.

2. Defendant Daniel Green is an individual whose principal resident is listed in the caption above.

3. Defendant Alex Husted is an individual whose principal resident is listed in the caption above.

4. Defendant David J.R. Milliner is an individual whose principal resident is listed in the caption above.

5. Defendant AD&D Partners, LLC is a New Jersey limited liability company whose principal pace of business is located in the address listed in the caption above.

6. This Court has subject matter jurisdiction over the misappropriation of trade secrets claim pursuant to 18 U.S.C. § 1836(b)(1).

7. This Court has supplemental jurisdiction over all state law claims pursuant to 28 U.S.C. § 1367.

8. Under 28 U.S. C. § 1391, venue is proper in this judicial district because Plaintiff resides in this district and some of the events or omissions giving rise to the claims occurred in this judicial district.

9. This Court has personal jurisdiction over Defendants because, among other reasons, the causes of action arise from Defendants' transacting business in Ohio.

BACKGROUND FACTS

10. Katz been in the textile recycling industry for over a decade and has conducted business related to the textile recycling business in Ohio through various companies.

11. Katz first had contact with Defendant Green over the telephone in early February 2016, where he sought Katz's advice related to running a used clothing recycling business. Green, as well as any of the Defendants, had any prior experience in the used clothing recycling business or any related business.

12. Subsequently, in late February 2016, Katz attended a conference of SMART, The Secondary Materials and Recycled Textiles Association, in Florida as he is one of SMART's board members. At the conference, Katz met Defendants Green, Husted and Milliner. At that time, Defendants told Katz of their interest in acquiring businesses in the industry.

13. After the SMART conference, Green pursued Katz to set up an in-person meeting to discuss the possibility of doing business together. Green had told Katz that Green had an interest in investing in the used clothing recycling businesses and was looking for a partner with industry experience to actually run the business. Katz had been looking for funding sources to expand his business interests in the used clothing recycling industry.

14. On March 9, 2016, Katz met Green in person where they discussed the possibility of joining forces to acquire used clothing businesses with Green putting up the majority of the cash and Katz running the business. At that time, Green told Katz that he and his business partners, Defendants Husted and Milliner, and their company AD&D, were evaluating the purchase of a textile recycling business located in New Jersey.

15. The parties had a number of discussions regarding equity and operational participation in businesses purchased jointly by the parties whereby Katz would have operational control and a significant equity position.

16. In discussing possible acquisition targets with Green, Katz introduced Green to a contact Katz had developed over the years, Friendship Used Clothing Collection, LLC

("Friendship"), a business located in North Carolina. Katz arranged for Green and Katz to meet with the owner of Friendship to discuss a possible acquisition in North Carolina in early June 2016.

17. After the June 2016 trip, Friendship sent financial information concerning the business to both Green and Katz. Green inputted the information into spreadsheets and sent them to Katz via email as well as a google drive folder. Katz then provided input to the spreadsheet information in order to align the conclusions with the realities of the recycling business, which was Defendants were unaware.

18. Green and Katz began negotiating to form a limited liability company for the purpose of acquiring Friendship. The company, called the New Friendship Used Clothing Collection, LLC ("New LLC"), was formed on September 12, 2016 with the North Carolina Secretary of State as a North Carolina limited liability company. Green, Husted, Milliner and Katz signed as "members" of this North Carolina company. At the time the New LLC was formed, however, there was no operating agreement.

19. Additionally, Katz introduced to Defendants the business opportunity to purchase Thrift Land USA, a New Jersey used textile company. Based on the understanding that Katz was to be part of the ownership group, Katz introduced Defendants to his business broker contact and to the owner of Thrift Land.

20. Katz, on behalf of himself and Defendants, led negotiations for the purchase of Thrift Land with the broker and seller. Katz provided expertise, industry knowledge and financial structuring to that process.

21. In addition, Katz also supplied Defendants with his customer list, which was proprietary and confidential. Katz also introduced Green to some of Katz's customer on a trip to

Texas, all in reliance on Defendants' promises to include Katz in the ongoing recycling business with operational control and significant equity interest.

22. Katz made several attempts to memorialize the terms of the agreement for operational and equity participation in the new ventures with Defendants. But in spite of promises to do so, Defendants delayed in putting the agreement in writing until well into the negotiations on the Friendship deal.

23. Though Katz had placed his trust in Defendants that an equitable arrangement would be reached, the proposed terms of a draft operating agreement Katz received from Defendants provided Katz with only a minority equity interest, required his services to be contributed without compensation and provided operating and voting control to Defendants.

24. AD&D rejected all efforts by Katz to revise the agreement in accordance with the terms originally offered to entice Katz to disclose his confidential and propriety information and industry expertise and to efforts to identify and negotiate for the purchase the above described businesses.

25. Thereafter, Defendants continued to push forward with the negotiations of the purchase of Friendship in order to put pressure on Katz to agree to a deal that was not fair to him and to usurp the business opportunity for their sole benefit.

26. Defendants' intention actions made it clear to Katz that Defendants could not be trusted for their participation in any business venture with him, which precluded any further participation in Defendants in any business venture.

27. Defendants negotiated in bad faith in order to push Katz aside and grab the business opportunity for themselves.

28. Additionally, once Katz withdrew from the New LLC, Defendants also misappropriated the prospective business relationship with Thrift Land and, on information and belief, planning to purchase Thrift Land to the exclusion of Katz.

29. The LLC was terminated on September 21, 2016.

COUNT I MISAPPROPRIATION OF TRADE SECRETS IN VIOLATION OF DEFEND TRADE SECRETS ACT, 18 U.S.C. § 1836(b)

30. Plaintiff incorporates herein by reference the preceding paragraphs of this Complaint as if set forth fully herein.

31. Katz's customer lists and other propriety industry information constitutes Katz's trade secrets under 18 U.S.C. § 1839, in that Katz has taken reasonable measures to keep the information a secret and the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, another person who can obtain economic value from the disclosure or use of the information.

32. Defendants have willfully and maliciously misappropriated Plaintiff's trade secrets, thereby gaining economic value from the information. For example, by misappropriating Plaintiff's trade secrets, Defendants, who have no experience in the used clothing recycling business, were able to give themselves to Katz's detriment.

33. Defendants misappropriated Katz's confidential and proprietary financial modeling, and other trade secrets, without Katz's consent.

34. As a result of Defendants' wrongful conduct, Katz suffered pecuniary losses from use and disclosure of Katz's trade secrets.

35. If a trade secret is willfully and maliciously misappropriated, as was the case here, a court may award exemplary damages of not more than two times the amount of compensatory damages, as well as reasonable attorney's fees to the prevailing party.

COUNT TWO – INTENTIONAL INTERFERENCE WITH PROSPECTIVE CONTRACTUAL RELATIONS

36. Plaintiff incorporate herein by reference the preceding paragraphs of this Complaint as if set forth fully herein.

37. As described above, Plaintiff had a prospective contractual relationship with Thrift Land and its owner for the acquisition of Thrift Land.

38. Defendants, through their misconduct as described above, have engaged in purposeful action specifically intended to prevent the prospective relations from occurring.

39. In so doing, Defendants have acted without privilege or justification.

40. Defendants have acted intentionally, willfully, maliciously and in reckless disregard of Plaintiff's rights.

41. As a result of Defendants' actions, Plaintiff has suffered and continues to suffer substantial damages in excess of $75,000.

COUNT THREE – BREACH OF FIDUCIARY DUTIES

42. Plaintiffs incorporate herein by reference the preceding paragraphs of this Complaint as if set forth fully herein.

43. Defendants, as part of the joint venture between them and Katz for the purchase of Thrift Land, were in a relationship of trust and confidence with Plaintiff.

44. Defendants materially breached the fiduciary duties owed by them to Plaintiff by, among other things, negotiating the purchase of with the aid of Plaintiff's confidential business information, concealing from Plaintiff their surreptitious efforts to acquire Thrift Land on their own, and establishing a scheme to usurp substantial business opportunities belonging exclusively to Plaintiff for their own pecuniary and personal benefit and, in turn, to Plaintiff's detriment.

45. As a result of Defendants' breaches of fiduciary duties, Plaintiff has suffered and continues to suffer substantial damages.

46. Defendants' material breaches of the fiduciary duties owed by them to Katz were intentional, malicious, outrageous, vindictive and made in wanton disregard for the rights of Katz, thereby warranting an award of punitive damages against Defendants and in favor of Plaintiff.

COUNT FOUR - CONVERSION

47. Plaintiff incorporates herein by reference the preceding paragraphs of this Complaint as if set forth fully herein.

48. Plaintiff believes and therefore avers that by engaging in the conduct set forth above, Defendants have misappropriated, converted, diverted and otherwise misused Plaintiff's confidential information for their own use and to the detriment of Katz.

49. Defendants' actions in converting and diverting Katz's confidential information and trade secrets that should have been used for Katz's purposes and to the benefit of Katz were intentional and were undertaken for Defendants' own benefit and to the detriment of Katz.

50. Such deprivation has been without Plaintiffs' consent and without lawful justification.

51. Defendants have acted intentionally, willfully, maliciously and in reckless disregard of Katz's rights.

52. As a result of Defendants' actions, Plaintiff has suffered and continues to suffer substantial damages.

WHEREFORE, Plaintiff prays for judgment in his favor and against Defendants for damages in an amount in excess of $75,000, plus prejudgment and post-judgment interest, punitive damages, costs and expenses, attorneys' fees, and for such other and further relief as the Court deems just and fair.

Respectfully submitted,

/s/ *Debra J. Horn*
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JURY DEMAND

Plaintiffs demand a trial by jury for all issues in this action so triable.

/s/ Debra J. Horn
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